

1870.

BANK OF MONTREAL.

ANNUAL GENERAL MEETING,

HELD 6th JUNE, 1870.

(From THE GAZETTE of 7th June, 1870.)

The annual meeting of the Shareholders of this important institution took place yesterday, the President, Mr. E. H. King, in the chair.

Moved by John Swanston, Esq., seconded by George Barnston, Esq.,

“That the following gentlemen be appointed to act as Scrutinizers:—W. B. Cumming, Esq., and Thos. Davidson, Esq. And that R. A. Lindsay, Esq., be the Secretary of this meeting.

The report of the Directors was then read as follows by Mr. Angus, the General Manager:—

Report of the Directors to the Shareholders at their Fifty-second Annual General Meeting, held 6th June, 1870.

The Directors have much satisfaction in presenting to the Shareholders the 52nd Annual Report, accompanied by a statement of the result of the business of the year ended 30th April last.

The balance carried forward at the credit of Profit and Loss Account on 30th April, 1869, amounted to	\$32,728 88
The profits for the year ended 30th April, 1870, after deducting charges of management, and providing for bad and doubtful debts.....	1,079,926 60
	\$1,112,655 48

From which has been taken, dividend 6 per cent paid December, 1869,.....	\$360,000	
Dividend 6 per cent payable June, 1870.....	360,000	720,000 00
		\$392,655 48

Add amount of former appropriations to meet bad or doubtful debts not now required.....	650,000 00
	1,042,655 48
Deduct addition to the rest	1,000,000 00

Leaving a balance of..... \$42,655 48 carried forward at credit of Profit and Loss Account for the current year.

The profits of the past year, although not so large as those of the preceding twelve months, are quite satisfactory in view of the very considerable amount of unemployed funds held by the Bank throughout the year. The average amount of such unemployed funds during the year, over and above ample Cash Reserves, has not been less than three million dollars. The shareholders will observe that the sum of \$650,000 has been taken back from appropriations made in previous years, but not now required to meet bad or doubtful debts, and that the Directors have thereby been enabled, with the surplus profits of the year to add \$1,000,000 to the Rest, which now stands at \$3,000,000, being 50 per cent upon the Capital stock of the Bank.

In the annual reports submitted to the shareholders during the last five years, it has been stated that the full amount of all debts reported either as bad or doubtful, were provided for; and in the report adopted at the last annual meeting held in June, 1869, it was stated in addition that liberal provision had also been made for unforeseen contingencies. When the Directors commenced some years ago to pay dividends exceeding 8 per cent per annum, they considered it prudent to make the most liberal and ample provision for bad or doubtful debts and unforeseen contingencies, with a view to meet the possible depreciation in the market value of securities held by the Bank, or the exceptional losses that might occur in any year without exposing the shareholders to the disappointment that would ensue from the necessity of reducing the rate of dividend or having to encroach

upon the rest. The realization of a large amount of securities during the year, their experience of the steadiness with which profits have been maintained for some years past, and the confidence felt in the sound mercantile character of the advances made by the Bank, have encouraged the Directors to make use of the appropriations that are not required to meet bad or doubtful debts, and thereby raise the rest to \$3,000,000, which they consider ample in proportion to the present capital.

Since the last Annual Meeting, Mr. T. B. Anderson, who had been a Director for 35 years and President for nearly 10 years, has retired from the Board of Direction in consequence of failing health and advancing years. The Directors have requested Mr. Anderson, in recognition of his long services as a member of the Board, to accept an allowance of £500 per annum, to be taken from the sum allotted for the yearly remuneration of President and Directors, and they believe that this arrangement will meet the cordial approval of the shareholders.

An office of the Bank has been recently opened at 27 Lombard Street, London, under the supervision of an influential Local Board, with the object of developing and extending the British and Foreign trade of the Dominion through the agency of the Bank of Montreal. A stock register will shortly be opened at the London office, as authorized by the Charter, and shareholders will then have the option of holding their stock upon either the English or Canadian register, and receiving their dividends accordingly.

A Special General Meeting of the Shareholders will require to be called by the incoming Board of Directors to decide upon an application for a renewal of the Charter of the Bank with such conditions as may be determined upon in conformity with the provisions of the Banking Law of the last session of Parliament.

E. H. KING,
President.

GENERAL STATEMENT.

LIABILITIES.		ASSETS.	
CURRENCY.	STERLING VALUE.	CURRENCY.	STERLING VALUE.
Capital Stock.....	\$6,000,000 00	Gold and Silver Coin.....	\$6,895,847 41
Resr.....	3,000,000 00	Government Demand Notes.....	436,170 00
Unclaimed Dividends.....	13,482 05	Balance Due by Banks.....	4,991,466 42
Half Yearly Dividend, payable June 1870.....	360,000 00	Notes and Cheques of other Banks.....	477,866 04
Balance of Profits carried forward.....	42,655 48	Government Securities.....	2,115,272 38
	\$9,416,137 53		\$14,286,622 05
Circulation.....	217,147 00	Bank Premises at Montreal, and Branches	350,000 00
Current Accounts not bearing Interest.....	7,272,811 31	Notes and Bills discounted, and other	14,469,005 45
Deposits bearing Interest.....	12,690,531 66	Debit due to the Bank.....	2,973,083 6 2
	20,189,480 97		\$20,065,527 50
	\$9,416,137 53		\$20,065,527 50
	44,619 5 0		71,917 16 2
	1,494,413 5 7		2,973,083 6 2
	2,609,492 16 1		\$6,083,548 2 4
	4,148,525 6 8		
	\$6,083,548 2 4		

R. B. ANGUS,
General Manager.

BANK OF MONTREAL,
Montreal, 30th April, 1870. }

The PRESIDENT then addressed the Shareholders. He said—You have now, gentlemen, heard the report of the Directors, and I think I may claim for it that it is not an exaggerated report. It is certainly very satisfactory, and the Directors might, perhaps, have gone farther, in their congratulations without being accused of exaggeration. Considering the large amount of unemployed funds which the Bank has held during the year, it is not merely matter for congratulation, but also of some surprise that we have made so large a return. The returns on the twelve months would not, however, have been so great, but for some exceptional profits made from the increase in the value of some securities held by the Bank, which had not only increased the profits, but had also encouraged the Directors to make use of the unused appropriations of former years as they had determined to do. An increase in the rest of the Bank from \$700,000 to 3,000,000 within five years is something certainly beyond the expectations of any one who knew what the business of banking had been during preceding years. In speaking of the rest the Directors say that it is ample for the present capital. We have long hoped to get it up to 50 per cent, and had held that to be a joint at which we might declare as we now do that it was sufficient. You will notice the paragraph relating to the retirement of Mr. T. B. Anderson from the Presidency. He was one of our oldest shareholders and Directors, whose services fairly entitled him, I think, to this mark of our appreciation, I will read you the resolution which was adopted by the Board on this subject:—

Extract of minutes under date 22nd October, 1870, as follows:—Mr. Anderson having resigned the office of President in consequence of failing health and advanced years, it was unanimously resolved, —

“That this Board cannot part with their senior colleague without offering him their respectful expression of sympathy and regret at the cause which has led to his retirement. They are also unanimously of opinion that Mr. Anderson's prolonged connection with the Bank, and his faithful services as President for nearly ten years, and as a Director for nearly five and thirty years call for a more substantial acknowledgment upon the part of the Shareholders as well as themselves, and that with this object in view, they request the acceptance by Mr. Anderson of an annual allowance, during life, of two thousand dollars, to be taken from the sum appropriated for the remuneration of President and Directors, unless provided for in some other manner by a vote of the Shareholders. The General Manager was requested to furnish Mr. Anderson with a certified copy of these proceedings.”

I will also allude to the mention in the report of the determination by the Board to open an office of the Bank in London. It has been long desired to open such an office for the transaction of our English, or, I may say, our foreign business; but for one reason or another it has been postponed. But finding our business growing so fast, and our transactions in England yearly becoming larger, it was deemed necessary now to have an office to look after our affairs, and I hope that the measure will tend to develop the trade of the country through our Bank. The books for transfer and registration of stock will shortly be open in London, and those who choose to do so may avail themselves of them; but I wish to make one observation upon that head. I have

heard it said that the stock of the Bank may be expected to bring higher prices in England than in Canada: but for my own part I hope that it will continue to bring higher prices here than in England, because here people will know something of the business of the Bank, and with that knowledge ought to feel justified in paying more money for it. The English stockholders are chiefly military officers, or persons having family connections in this country. Our other English shareholders are very small in number. As to the general meeting, which is to be held under the new banking law—it is imperative upon us to call it, in order to obtain authority to apply for a new charter subject to the provisions of the law of last session. The Directors will of course take care to do this in sufficient time to comply with the statute before our charter expires, which it will do with the end of next session of Parliament. Now, gentlemen, I have seen many Bank statements; but I have never seen one so enormously strong as the one before you. We have now in gold, silver and Government notes more than one and a half millions sterling, against circulation and current accounts of very little over the same amount; and adding to these liabilities the deposit bearing interest, which are really not payable on the moment, since we can require notice for the withdrawal of most of them, you find that our total liability to the public is but £4,148,525, sterling, and against that we have gold, silver, Government demand notes, balances due by other Banks, notes and cheques of other Banks and Government securities to the extent of more than three millions. I never saw so strong a statement; but while it ought to be highly satisfactory to the creditors of the Bank it is not so satisfactory to the shareholders, because it shows a great mass of unemployed funds of so considerable an amount as to make it difficult to earn as much money as we did last year. Last year, it is true, we had three millions of unemployed capital and we have been enabled to show a very good result. Therefore, I am not afraid as to the result of next year; but I repeat that the strength of our position is more satisfactory to the creditors than to the shareholders of the Bank. There is one change which, perhaps, you will notice, and which, of course, has not been made without a purpose. It is that of putting our assets and liabilities into pounds sterling instead of pounds currency, which has been done on account of our expectation that our affairs may hereafter attract more attention in England, and our desire, therefore, to make our statement plain in that country.

Mr. King concluded by saying that he should now be happy to answer any questions which he could do consistently with justice to the customers of the Bank, and in reply to questions put by Mr. John Crawford and Mr. Wm. Murray he further stated that the Government securities now held by the Bank were chiefly as collaterals to cover an advance to the Government against the bonds of the Great Western Railway. No exceptional profit was therefore to be anticipated from them. There were a few Government bonds held by the Bank on its own account, on which there might be a profit of a thousand pounds.

As to the Rest it was the duty of Directors to speak with reserve of the future. They said that the Rest was at present ample. That word was well considered, because it was not intended to be absolutely binding hereafter if it should be found undesirable to distribute every-

thing that might be made; but he thought that if they could continue to make anything like the large average profits of the few past years, the Directors would be warranted, and indeed would be bound to make a larger distribution. The Directors had not transferred the large amount of previous appropriations until they had looked at the average of profits, and that average if maintained would certainly warrant a larger dividend.

As to the scale of voting, he knew that Mr. Crawford held a strong opinion about it, and he, (Mr. King) might say that he had attended a meeting of all the bankers of the Dominion before the passing of the law, which regulated that subject. The question was brought up; some of the banks not having the same scale of voting as the Bank of Montreal. He thought that it would be proper to allow the present scale of voting to continue until it should be changed by the shareholders themselves; but the matter was otherwise decided, and of course as it was now determined by law, it would not be brought up at the special meeting.

The Bank had not yet placed any sum to profit and loss on account of circulation which had not come in. But there would undoubtedly be a sum to be so dealt with hereafter, and when the Directors thought it expedient to put aside a sum of money to cover circulation, they might invest in good security, and the interest would then extinguish the debt. In the course of another year, they might be able to calculate the profit from that source.

Mr. Crawford had asked him, beside the questions to which he had replied, as to the amount reserved to meet all possible losses. The amount held in all for that purpose—not calling it a contingent fund, for that name would hardly apply to it—was over \$200,000; but a good deal would depend upon the result of some proceedings now pending, as to the amount of profit upon it. At all events he believed there was a little, but not much more than would be required. The difference was too small to enter into any calculations of the value of the stock. That did not include the rebate on discounts, which the Bank had never allowed for, in their accounts; but that rebate would be about covered by the profits on the months' business, as the dividend was paid upon earnings up to the last day of April.

The amount of overdue debts, for which the Bank did not hold collaterals, was very trifling indeed, and there was very little of it unsecured.

Mr. Crawford then reminded the President of the discussion a year ago with reference to the keeping open of the transfer book for the shareholders, and expressed a hope that the incoming Board of Directors would take the subject into consideration.

Mr. King said that the Board thought it best to leave this subject an open question, and they would be quite willing to open the transfer book if the shareholders should think it desirable and so decide.

Mr. Crawford said that was perfectly satisfactory, and he thought the proper time to bring up the subject would be at the special meeting.

Mr. G. Drummond said he gathered from the report that the sum allotted to Mr. Anderson was to be taken from the amount voted to the President and Directors. Mr. Anderson's services were rendered to the Bank and not to the President and Directors, and, if not opposed to the wishes of the President, he would

move that the Bank should pay from the general fund.

Mr. King thought that as the arrangement made had Mr. Anderson's approval it would be better not to disturb it.

Moved by Mm. Murray, Esq., seconded by Alexander Clerk, Esq.

"That the report of the Directors now read be adopted, and printed for distribution among the Shareholders."

In making this motion Mr. Murray said it must be a source of great gratification to all the shareholders that \$1,000,000 had been added to the contingent account—a sum equal to the entire capital of many of the Banks. The Rest now amounted nominally to three millions; but really he believed would reach three millions and a quarter. The future increase of dividends would in all probability largely increase the value of the stock, and it was very likely to go to 200 or 250. Mr. Murray made a warm eulogium upon the late President of the Bank. If, he said, when that gentleman should leave this world he should not leave a large fortune behind him, he would leave that which was of far more consequence a good and untarnished name, for no more worthy man than T. B. Anderson ever lived in Montreal. He also remarked that the prosperity of the Bank was caused by the confidence of the public shown by the immense amount of its deposits. In fact persons withdrew money from Banks where they were receiving interest, to deposit it without interest in the Bank of Montreal. In allusion to the recent inquiry before Parliament, he expressed the opinion that it had dispelled unjust prejudice against the Bank, and was glad that the Government was prepared to deal justly with it. The Bank did not seek the Government account, and he had heard a member of the Sicotte Ministry speak in the highest terms of the manner in which the Bank transacted its business with the Government.

Mr. Crawford thought it perhaps well to warn persons outside against the very great expectations which Mr. Murray entertained of the future price of the stock.

Mr. King said that the investigation made by a Parliamentary Committee as to the transactions between the Bank and the Government, had created an impression which was entirely satisfactory. As to the Government account it was treated entirely on business principles. It had been a good account; but it was very possible to work it so as to make it of little value. In the future if that account were continued with the Bank, the Bank would endeavour to do justice to the Government as it did to all other large customers. If the Government were not satisfied of course it would remove its account; but in that case the Directors would endeavour to extend their business in other directions.

Moved by Hon. Thomas Ryan, seconded by Peter Redpath, Esq.

"That the following be substituted for the sixth by-law:—In each year the sum of £3,000 together with an amount not exceeding the sum to which Mr. E. H. King would be entitled, as his remuneration as General Manager of the Bank had he retained that office, may be taken by the Board of Directors from the funds of the Bank, as remuneration for the services of the President and Directors may annually apportion the same among themselves in accordance with the powers conferred upon them by the charters."

Mr. Ryan said that it might be thought that this resolution coming from the

Board of Directors should have been moved by the President; but it was the President's wish that it should emanate from other persons, and therefore as Vice-President he was pleased to make the motion. In 1866, when Mr. King became General Manager, an arrangement was made for putting his remuneration on a new principle. The General Manager had formerly had a fixed salary, with an occasional vote at annual meetings, but it was thought so important to secure for a long time the services of Mr. King that an arrangement was made by which he should receive a certain allowance on the profits after a certain dividend had been paid; his profits thus rising upon a scale proportioned to the profits of the shareholders. This arrangement was made for a series of years, and upon that principle since 1866 the affairs of the Bank had been conducted. If it had enured to the advantage of the General Manager, it had in a greater degree enured to that of the Shareholders. He thought the arrangement a good one, though he was absent when it was made. Last October, when another change was about to occur by the retirement of Mr. Anderson, it was thought to be for the benefit of the institution that Mr. King should become the President; but it was not reasonable that he should exchange a very lucrative position for one with an insignificant remuneration. It was, therefore determined that Mr. King should retain the emoluments of his old office of general manager. The arrangement was made again in his absence; but would have been fatal to the interests of the Bank, if for any question of remuneration it had lost the services of Mr. King. He had no doubt the Shareholders would confirm the act of the Directors because Mr. King's services were of great importance to the institution. There was no need of going to the special meeting with this resolution, as the meeting was perfectly competent to pass it. It would be recollected that it had been customary to allow a certain sum for the payment of the President and Directors, which they distributed as they thought proper. The sum to cover the emoluments of Mr. King was more than any former President had enjoyed; but he would give his undivided attention to the business of the Bank, as much indeed as when he was General Manager. Losing these services the Bank would lose one of the sources of its very prosperous condition.

Mr. Crawford did not mean to oppose the resolution, but merely to make his decided protest against remunerating the Bank officer by a percentage on profits. The President had assuredly justified the fullest confidence in him; but he protested against the principle, as it might on some hands induce a representation of suspicious assets, as if they were good ones.

The Hon. Thos. Ryan while acknowledging that there was something to be said in favor of Mr. Crawford's argument, contended that experience had shown there was nothing in this case to apprehend in the way of giving a too good character to doubtful assets.

Mr. Redpath remarked that the only object of the change which was made was to enable Mr. King to get rid of attention to minute details and give his time freely to the general policy of the Bank. He had to advantage from the per centage till the shareholders had realized 8 per cent.

Moved by Joseph McKay, Esq., seconded by R. D. Reekie, Esq.: "That the thanks of the meeting be presented to the

President, Vice-President and Directors for their attention to the interests of the Bank.

Mr. King, in returning thanks, said that he of course remembered he was entitled only to a portion of the thanks just voted, having only filled the office of President for a part of the past year. But he believed it would be now an opportune time for a statement which he had previously avoided. The arrangement which had just been unanimously ratified contained one point to which he now called attention. It was that his agreement as General Manager was for a term of years; his present agreement was terminable at any time. He could not evidently have attached much personal importance to his connection with the Bank, or he would not by abandoning his former agreement have placed it in the power of the Bank to turn him out at any moment. They could now turn him out whenever they pleased; before they could not. As to the vote of thanks which had just been passed to the Directors, he was in a position to say that as well when he held the position of General Manager as when he formerly held that of Inspector, no body of gentlemen could have given greater

attention to the affairs of the Bank than the Directors had done, or could have shown more desire to support their executive officers, and to do everything necessary to make the Bank a success, and nothing was more essential than that such support should be given to officers whom the Directors thought they could trust.

Moved by Mr. Thomas M. Thomson, Esq., seconded by R. W. Shepherd, Esq., "That the thanks of this meeting be given to the General Manager, the Managers, Agents, and other officers of the Bank for their services during the past year."

Mr. Thomson remarked that the increase of the rest in five years from \$700,000 to \$3,000,000 was a special cause for the shareholders feeling well pleased, and every one must feel great confidence in the General Manager, through whose exertions that result in a great measure had been brought about.

Mr. Angus thanked the meeting for their appreciation of the services of his brother officers. He had been only a short time in the position which he now held, and small credit was therefore due to him for what he had hitherto done

in that capacity. He had, however, endeavoured to be a faithful officer of the Bank in subordinate positions, and hoped to serve with equal zeal in the future. He trusted there would be many more opportunities of meeting in equally favorable circumstances.

The Scrutineers afterwards presented their report of the election of Directors, which was as follows:—

MONTREAL, 6th June, 1870.

SIR,—We declare the following gentlemen duly elected Directors this day:—

E. H. King, Esq., Hon. Thomas Ryan, D. Torrance, Esq., Henry Thomas, Esq., Thos. E. Campbell, Esq., E. M. Hopkins, Esq., J. G. Mackenzie, Esq., Peter Redpath, G. W. Campbell, Esq. M., D.

We have the honour to be,

Sir,

Your very obedient servants,

W. B. CUMMING,

THOS. DAVIDSON,

Scrutineers.

To R. B. ANGUS, Esq.,

General Manager,

Bank of Montreal.